

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3111
ANSWERED ON:10.08.2001
REGULATORY AUTHORITY FOR MUTUAL FUND
VILAS BABURAO MUTTEMWAR

Will the Minister of FINANCE be pleased to state:

- (a) whether Net Assets Value (NAV) of most of the Mutual Funds are adversely affected as they do not take care of the interest of small investors;
- (b) if so, the details thereof;
- (c) whether the Government propose to set up regulatory authority for Mutual funds to protect the interest of small investors;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) and (b) Mutual fund schemes which invest predominantly in debt instruments, are not affected by fluctuations in stock markets. However schemes which invest in equity or equity related instruments, are affected by the trends in stock markets.

The Securities and Exchange Board of India (SEBI) has intimated that during the financial year 2000-2001 the BSE 30 index and BSE 200 index have declined by 28.91% and 41.98% respectively. This has had an impact on equity-oriented mutual fund schemes.

(c) to (e) In accordance with the provisions of the SEBI Act, 1992, SEBI regulates mutual funds. The SEBI (Mutual Funds) Regulations were notified in 1996. Further, guidelines have been issued from time to time to ensure orderly functioning of mutual funds.